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## **Kazakhstan - Republic of**

**Post:** Astana

### **Kazakhstan Outlines Continued Strategy and Support for Cattle Sector**

**Report Categories:**

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Livestock and Products

Agricultural Situation

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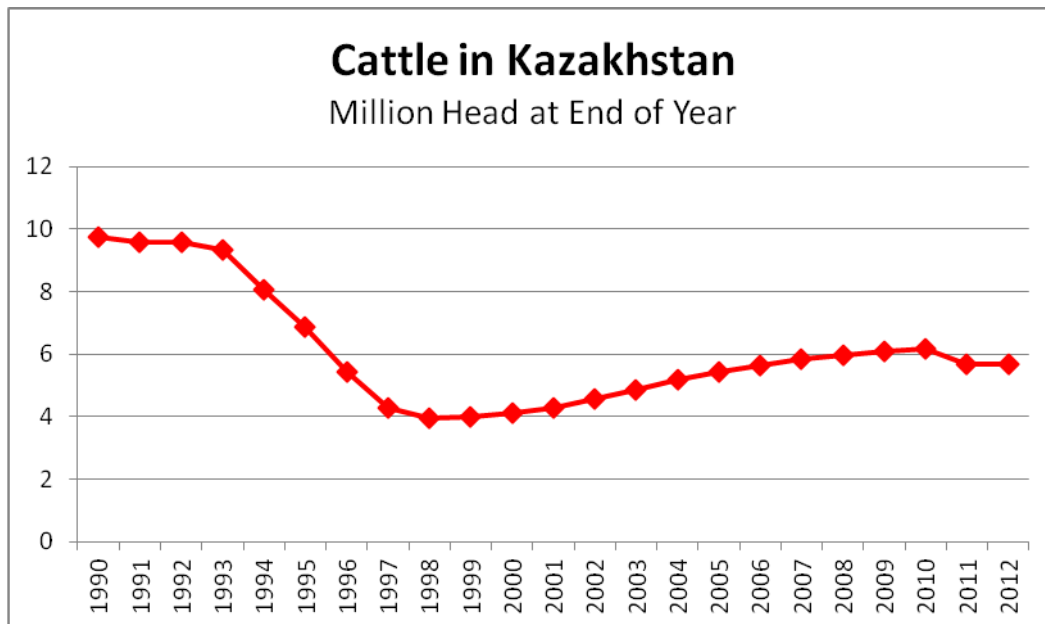
**Report Highlights:**

The Kazakh Government has made the development of the livestock sector one of the top agricultural priorities. In February of 2013, the Kazakh Government published a new “Program for the Development of the Agricultural Sector in Kazakhstan from 2013-2020, Agribusiness – 2020”. This document calls for a continuation of the development of the livestock sector, including providing support to the expansion of overall cattle (and other livestock) numbers, and improving the genetic makeup of the livestock herds. In support of this strategy, the Kazakhstan Government has released a resolution detailing the subsidy rates for imports of foreign cattle and genetics. Despite the subsidies and strategy for cattle imports, animal health issues and additional and changing government import requirements have been a significant constraint on imports.

## General Information:

The Kazakh Government has made the development of the livestock sector one of the top agricultural priorities. While Kazakhstan had a very large livestock herd during the Soviet Union, with the end of the Soviet Union and the reduction of subsidies and the breakup of large government farms, the number of cattle in Kazakhstan dropped sharply, from nearly 10 million head in 1990 to bottoming out at less than 4 million in 1998 (see chart below).

Chart 1

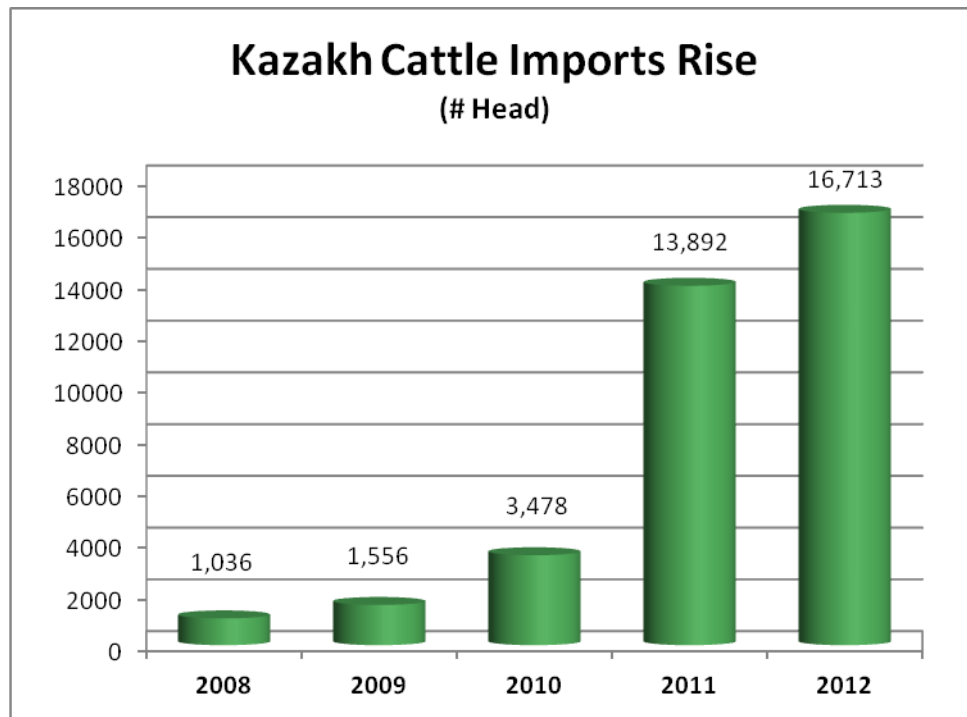


Source: Kazakhstan Statistics Agency

In order to return Kazakhstan to being a large cattle and beef producer, and beef exporter, beginning in 2011 the Ministry of Agriculture laid out a plan for “The development of beef export potential for Kazakhstan”. This plan is separated into two phases, with the first phase covering 2011-2015, and calling for the rapid expansion of the number of high-yielding breeding cattle in Kazakhstan. The second phase covers 2016-2020, and calls for the development of beef exports, with goals of 60,000 metric tons of exports by 2016 and 180,000 metric tons by 2020. In order to meet these goals, the proposal envisioned large-volume importation of breeding stock to improve the genetics of the cattle in Kazakhstan. It also envisioned the establishment and expansion of commercial cattle ranches (including large-scale feed lots), the developing of more meat processing facilities and improved management of pastures and feed production.

Since this strategy was put into place, Kazakh imports of cattle have skyrocketed, climbing from just 1,556 head in 2009 (worth \$6 million) to over 16,713 head in 2012 (worth \$66 million). In 2012, the United States was the largest supplier of cattle to Kazakhstan with 38 percent of the market, followed by the EU, Canada and Australia. The lion’s share of cattle imports were of beef breeds (primarily Angus).

Chart 2



Source: Kazakhstan Customs

Chart 3

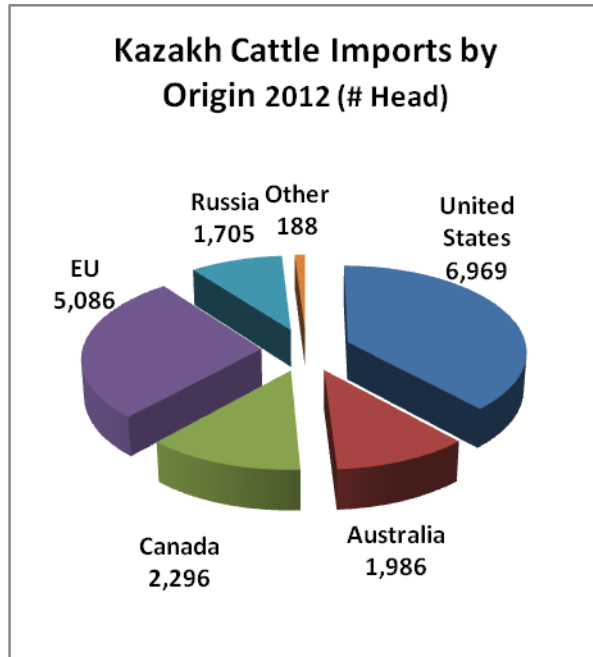
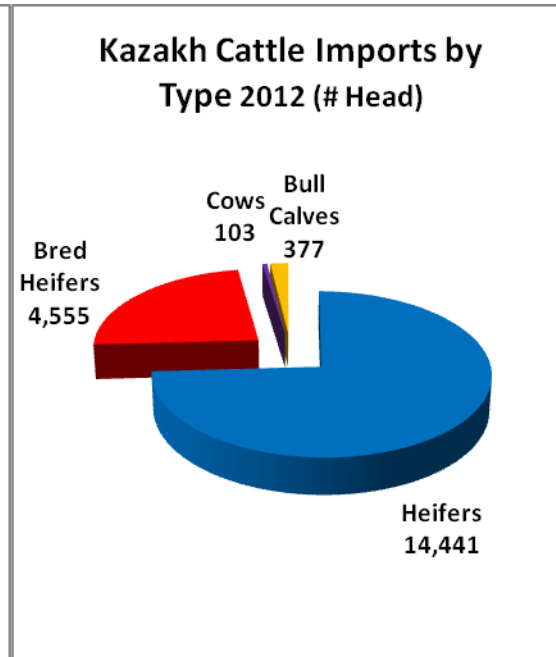
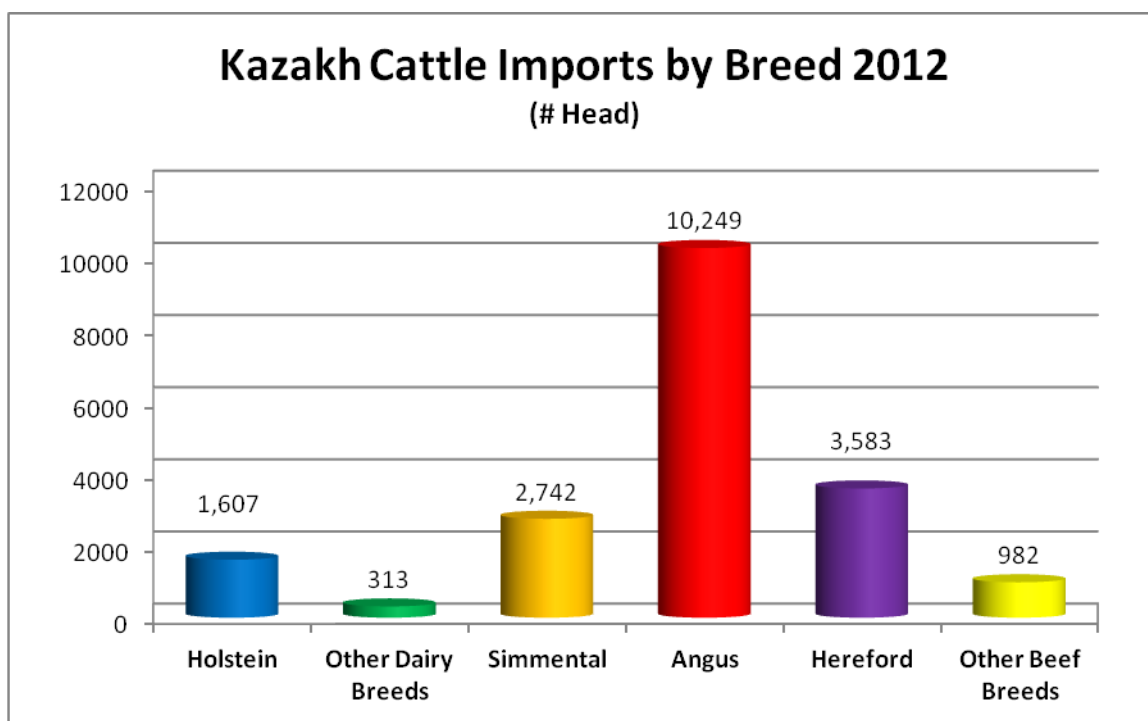


Chart 4



Source: Kazakhstan Ministry of Agriculture

Chart 5



Source: Kazakhstan Ministry of Agriculture

In February of 2013, the Kazakh Government published a new “Program for the Development of the Agricultural Sector in Kazakhstan from 2013-2020, Agribusiness – 2020”. This document outlines the Government’s strategy and goals for the agricultural sector for the next 7 years. It calls for a continuation of the development of the livestock sector, including providing support to the expansion of overall cattle (and other livestock) numbers, and improving the genetic makeup of the livestock herds. To improve genetics, the document explains that the “main state support mechanism will be the reimbursement of the agricultural producers costs of purchasing the genetic material (animals, semen, and embryos)”. The document sets a plan for large-scale subsidized imports of cattle to continue for the next few years, and ending in 2015 for beef cattle and in 2016 for dairy cattle. For 2013 specifically, the Program sets a target of 21,000 head of cattle to be imported, compared to 16,700 head which were imported in 2012, and 13,892 head that were imported in 2011. (See table below)

Table 1: Kazakhstan Performance Measures for Subsidized Imports of Cattle (Head)

	2013	2014	2015	2016	2017
Beef Breeds	14,000	16,000	18,000	--	--
Dairy Breeds	7,000	9,000	10,000	10,000	--
Total	21,000	25,000	28,000	10,000	--

In addition to cattle imports, the Program also outlines goals for increased use of semen for in vitro fertilization and increased use of transplanted bovine embryos (more details on the outline of this Program for the livestock sector can be found in Appendix 1).

In support of this strategy, the Kazakhstan Government has released a resolution detailing the subsidy rates for imports of foreign cattle and genetics. The subsidy for breeding cattle was set at 235,000 tenge (approximately \$1,555) for cattle from Australia or North and South America, and 154,000 tenge (\$1,020) if from Europe. Subsidy amounts were also set for bovine embryos at 18,000 tenge (\$119), foreign semen at 1,100 per dose (\$7.30), and sexed semen at 3,300 per dose (\$21.85). Subsidy rates were also stipulated for other breeding animals and day-old chicks (more details on these subsidies can be found in Appendix 2). Despite the subsidies and strategy for cattle imports, animal health issues and additional government requirements have been a significant constraint on imports.

#### **Appendix 1 – Non-Official Translation of Excerpt from Kazakh “Program for the Development of the Agricultural Sector in Kazakhstan from 2013-2020, Agribusiness – 2020”.**

##### **4.2.4.1 Improvement of economic access to cattle management and manufacturing of livestock products**

It is expected that the state subsidies to livestock product manufacturers will be continued to develop the livestock industry and provide the agricultural producers with the incentives to upgrade as well as to increase the volumes and quality of the livestock output. The state support will be channeled towards reimbursement of costs to manufacture livestock products, cost reduction of feed used for cow herd nutrition, which will boost the herd buildup and as a consequence the increase in the offspring numbers.

Therefore, it is expected that the work level of processing plants will increase to use more domestic livestock products compliant with the approved requirements and standards due to ensuring the commercial volumes of livestock products.

Table 1. Performance values to improve economic access to cattle management and manufacturing of livestock products

No.	Item Name	Program Years							
		2013	2014	2015	2016	2017	2018	2019	2020
1	Number of subsidized cow herd population in the agro-formations, thousand heads	360.0	358.0	479.0	622.3	791.5	992.7	1233.1	1521.3
2	Subsidized beef production volumes per cost reduction of combined and concentrated	28.2	34.0	37.6	41.5	46.2	52.0	59.6	69.7

No.	Item Name	Program Years							
		2013	2014	2015	2016	2017	2018	2019	2020
	feed, thousand tons								
3	Subsidized volumes of cow. horse and camel milk produced per cost reduction of combined and concentrated feed, thousand tons	235.3	235.6	281.3	306.3	29.6	266.4	215.5	258.1
4	Subsidized mutton production volumes per cost reduction of combined and concentrated feed, thousand tons	3.0	5.2	7.4	8.5	9.9	11.7	13.9	16.8
5	Subsidized horse meat production volumes per cost reduction of combined and concentrated feed, thousand tons	4.4	5.3	6.9	10.0	13.4	17.2	21.4	26.2
6	Subsidized pork production volumes per cost reduction of combined and concentrated feed, thousand tons	25.5	27.6	27.3	26.4	24.9	28	31.8	35.9
7	Subsidized poultry production volumes per cost reduction of combined and concentrated	126.2	138.8	152.7	168.0	184.8	203.3	223.6	245.9

No.	Item Name	Program Years							
		2013	2014	2015	2016	2017	2018	2019	2020
	feed, thousand tons								
8	Subsidized market eggs production volumes per cost reduction of combined and concentrated feed, ml. eggs	2205.8	2303.0	2157.0	1999.0	1831.0	1650.0	1457.0	1500.0
9	Subsidized wool production volumes per cost reduction of combined and concentrated feed, thousand tons	1.3	1.3	1.4	1.5	1.6	1.7	1.8	1.9

#### 4.2.4.2 Improvement of the economic availability of the genetic material

Agricultural producers will continue to get the state support to acquire the domestic and external genetic material for the purposes of increasing the share of the pedigree animals, recovery and growth of the gene pool and the performance traits of the agricultural producers' farm animals.

The main state support mechanism will be reimbursement of the agricultural producers' costs of purchasing the genetic material (animals, semen, and embryos). In addition, support will be offered to the agricultural producers involved in the herd composition and breed quality improvement programs in the form of subsidies to cover the costs of handling the pedigree cow herds or pedigree sires, and also implementing the breeding programs.

Also, the state assistance will include breeding programs for sheep, horses, camels and poultry, which will create conditions to increase the share of pedigree population in the total herd of farm animals and improve their performance.

--Assistance will be provided to the domestic poultry plants to purchase genetic material (daily chicks and hatching eggs).

--Subsidies in the pedigree livestock farming will help to ensure the further implementation of the beef cattle export potential buildup project that was initiated in 2011.

--Within the scope of this project, efforts will continue to build multiplication farms, feedlots and beef cattle operations.

Table 2. Performance values to improve economic availability of the genetic material

No.	Item Name	Program Years							
		2013	2014	2015	2016	2017	2018	2019	2020

No.	Item Name	Program Years							
		2013	2014	2015	2016	2017	2018	2019	2020
1	Number of pedigree cattle of domestic breeding purchased within the subsidies granted, thousand heads	13.6	26.2	37.9	48.0	58.4	59.3	60.2	61.3
2	Number of pedigree beef cattle of foreign breeding purchased within the subsidies granted, thousand heads	14	16	18	-	-	-	-	-
3	Number of pedigree dairy cattle of foreign breeding purchased within the subsidies granted, thousand heads	7	9	10	10	-	-	-	-
4	Number of heads of cattle subsidized to carry out breeding programs in beef and dairy farming, thousand heads	238	266	334	406	484	567	657	804
5	Number of subsidized beef pedigree sires used for mating in the community herd built from private subsidiary farm cattle, thousand heads	1	2	3	4	5	5	5	5
6	Number of subsidized embryos transferred, thousand pieces	1.1	2	3	4	5	5	5	5
7	Number of subsidized semen doses for artificial insemination, thousand doses	285	266	334	406	484	567	657	804



No.	Item Name	Program Years							
		2013	2014	2015	2016	2017	2018	2019	2020
8	Number of subsidized daily chicks purchased (broiler plants), thousand heads	287	308	363.5	419.1	423.7	426.7	429.2	433.8
9	Number of subsidized daily chicks purchased (layer plants), thousand heads	737	876	905	934	983	990	1017	1044
10	Number of hatching eggs to be purchased, thousand pieces	4381.0	4436	4580	4821	4855	4984	5120	5120
11	Number of subsidized young pedigree sheep purchased, thousand heads	135.6	149.2	186.5	186.5	204.0	218.5	227.6	227.6
12	Number of subsidized young pedigree elk purchased, thousand heads	0.2	0.2	0.3	0.3	0.3	0.3	0.3	0.3
13	Number of subsidized young pedigree hogs purchased, thousand heads	6.5	7.2	9.0	9.0	9.8	10.5	10.9	10.9
14	Number of subsidized young pedigree horses purchased, thousand heads	3.5	3.9	4.9	4.9	5.3	5.7	5.9	5.9
15	Number of subsidized young pedigree camels purchased, thousand heads	0.4	0.5	0.6	0.6	0.7	0.7	0.7	0.7
16	Number of subsidized young pedigree small ruminants to carry	1077	1185	1481	1480	1619	1735	1807	1807

No.	Item Name	Program Years							
		2013	2014	2015	2016	2017	2018	2019	2020
	out breeding programs in sheep farming, thousand heads								

## Appendix 2 – Non-Official Translation of Government Resolution Setting Subsidy Rates for Livestock

Resolution of the Government of the Republic of Kazakhstan No.35 as of January 25, 2013  
“On approval of the Subsidy Regulations aimed at the support of livestock breeding”

Annex 1  
to the Subsidy  
Regulations for the  
support of pedigree  
livestock breeding

### 1. Budget Subsidies for partial reduction (not more than 50%) in the costs of young pedigree cattle purchased by producers

Type of breeding products	Subsidy norm for 1 head, tenge		
	Meat breed *		Milk breed *
	Bulls	Open and Bred Heifers	Open and Bred Heifers
domestic selected	118 000	118 000	118 000
imported from abroad:			
Australia, countries of North and South America	235 000	235 000	235 000
European countries	154 000	154 000	154 000
The Russian Federation, the Republic of Belarus and Ukraine	0	0	118 000

### 2. The norms of budget Subsidies for partial reduction in the Producers' costs (not more than 50%) related to performing selection and breeding work aimed at improving the quality of the female livestock of cattle of meat and milk breeds

Type of breeding products	Subsidy norm for 1 head, tenge
cows and heifers of meat breeds*	14 000

cows and heifers of milk breeds*	14 000

\* The direction in which the Producer will use these cattle shall be applied to the breeds of the combined meat and milk direction.

3. The norms of budget Subsidies for partial reduction in cost (not more than 50%) of the priced semen of bulls and embryo transplantation

Type of breeding products	Unit	Subsidy norm for 1 item, tenge
Embryo	items	18 000
semen of breed bulls. including		
Non-sexed semen (domestic)	dose	600
foreign semen	dose	1 100
Sexed- semen	dose	3 300

4. The norms of budget Subsidies for partial reimbursement of costs (not more than 50%) for keeping pedigree breed bulls of meat breeds used for mating in the public herd formed of livestock of private farms

Type of breeding products	Subsidy norm for 1 head, tenge
Breeding bulls of meat breed	104 000

5. The norms of budget Subsidies for partial reduction in cost (not more than 50%) of the purchased pedigree one-day-old chickens and pedigree eggs by domestic poultry factories from domestic breeding poultry factories containing the grandparent and parent forms\*

Type of breeding products	Subsidy norm for purchasing one-day-old chickens and pedigree eggs, tenge	
	from grandparent herd**	from parent herd***
One-day-old chicken (meat direction)	Not more than 50% of the purchase cost. but not more than 303 tenge for 1 head	-
One-day-old chicken (egg direction)	-	Not more than 50% of the purchase cost. but not more than 50 tenge for 1 head
Chicken hatching egg	-	Not more than 50% of the purchase cost. but not more than 21 tenge for 1 item

\* breeding products are subject to subsidization (chickens, the breeding egg) sold by breeding poultry factories, which have received the status of a breeding farm.

\*\* For the formation of a parent herd in meat poultry keeping.

\*\*\* For formation of a commercial herd in egg poultry keeping.

6. The norms of budget Subsidies for partial reduction in the cost of pedigree young cattle of domestic breeds purchased by the Producers of pedigree young cattle from domestic breeding factories or breeding farms

No.	Types and breeds of breeding animals	Norms of Subsidies for 1 head, tenge
Sheep		
1.	Kazakh fine-wool sheep	8 000 tenge, but not more than 50% of the purchase cost
2.	Kazakh argali merino	
3.	South Kazakh merino	
4.	North Kazakh merino	
5.	Australian merino	
6.	Tsigai sheep	
7.	Kazakh half-fine-wool sheep with crossbred wool	
8.	Degeress meat-wool sheep	
9.	Edilbaev sheep	
10.	Kazakh fat-tailed half-coarse-wool and coarse-wool sheep	
11.	Saryarkinsk fat-tailed sheep	
12.	Hissar sheep	
13.	Karakul sheep	
Horses		
1.	Kazakh "Jabe"	40 000 tenge, but not more than 50% of the purchase cost
2.	Kushumsk	
3.	Mugalzharsk	
4.	Kazakh "Adai"	
Pigs		
1.	Large White pig	15 000 tenge, but not more than 50% of the purchase cost
2.	German noble pig	
3.	Duroc	
4.	Landrace	
Camels		
1.	Kazakh Bactrian camel	37 000 tenge, but not more than 50% of the purchase cost
2.	Arvana camel	
Marals (deer)		
1.	Marals	30 000 tenge, but not more than 50% of the purchase cost
2.	Deer	